

**LENDER/PURCHASER DISCLOSURE STATEMENT****(Sale of Existing Note)**

RE 851B (Rev. 10/13)

**DISCLOSURE STATEMENT SUMMARY**

Note: If this is a multi-lender transaction and more than one property secures the loan, you should refer also to the attached Lender/Purchaser Disclosure Statement Multi-Property (Cross Collateralization) Addendum (RE 851D).

BALANCE OF THE NOTE YOU ARE RECEIVING (SEE PART 3)	MARKET VALUE OF PROPERTY (SEE PART 8)	TOTAL AMOUNT OF ENCUMBRANCES SENIOR TO THIS LOAN (SEE PART 9)
\$	\$	\$
PROTECTIVE EQUITY (MARKET VALUE MINUS THIS LOAN AND TOTAL SENIOR ENCUMBRANCES)	TOTAL LOAN TO VALUE (SEE PART 10E)	
\$	%	

**PART 1****BROKER INFORMATION**

NAME OF BROKER	REAL ESTATE LICENSE ID#
BUSINESS ADDRESS	TELEPHONE NUMBER
NAME OF BROKER'S REPRESENTATIVE	

**PART 2****BROKER CAPACITY IN TRANSACTION**

THE BROKER IDENTIFIED IN PART 1 OF THIS STATEMENT IS ACTING IN THE FOLLOWING CAPACITY IN THIS TRANSACTION (CHECK AS APPLIES):

- ☐ A. Agent in arranging a sale of an existing note on behalf of another.
- ☐ B. Principal as owner and seller of an existing note.
- ☐ C. Agent and/or principal arranging the sale of a portion of an existing note. *(Multi-lender transactions are subject to Business and Professions Code §10238.)*

**PART 3****TRANSACTION INFORMATION**

(CHECK IF APPLICABLE)

☐ THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, REFER TO THE ATTACHED RE 851D.

SOURCE OF INFORMATION

☐ BROKER INQUIRY ☐ BORROWER ☐ SELLER OF NOTE ☐ OTHER (DESCRIBE):

NAME OF EXISTING NOTE OWNER

ORIGINAL PRINCIPAL	SELLING PRICE	YOUR SHARE IF A MULTI-LENDER TRANS.	DATE OF NOTE
\$	\$	\$	
PRIORITY OF THIS NOTE (1 <sup>ST</sup> , 2 <sup>ND</sup> , ETC.)	MATURITY DATE	DATE INTEREST PAID TO	
INTEREST RATE % <input type="checkbox"/> VARIABLE <input type="checkbox"/> FIXED	PERCENT OF PREMIUM OVER OR DISCOUNT FROM THE PRINCIPAL BALANCE INCLUDING ACCRUED BUT NOT INCLUDING UNPAID INTEREST	EFF. RATE OF RETURN [If note is paid according to its term (multi-lender transactions only).]	
PAYMENT DUE DATE	AMOUNT OF PAYMENT	YOUR SHARE OF THE PAYMENT IF A MULTI-LENDER TRANSACTION	PAYMENT FREQUENCY <input type="checkbox"/> MONTHLY <input type="checkbox"/> OTHER: <input type="checkbox"/> WEEKLY
BALLOON PAYMENT <input type="checkbox"/> YES <input type="checkbox"/> NO	AMOUNT OF BALLOON PAYMENT	YOUR SHARE OF THE BALLOON PAYMENT IF A MULTI-LENDER TRANSACTION	<b>AN ASSIGNMENT OF THE DEED OF TRUST WILL BE RECORDED.</b>
UNPAID PRINCIPAL BALANCE	YOUR SHARE OF THE UNPAID PRINCIPAL BALANCE IF A MULTI-LENDER TRANSACTION	(CHECK ONE) <input type="checkbox"/> AMORTIZED <input type="checkbox"/> PARTIALLY AMORTIZED	<input type="checkbox"/> INTEREST ONLY
\$	\$		

**Balloon Payment**

A balloon payment is any installment payment (usually the payment due at maturity) which is greater than twice the amount of the smallest installment payment under the terms of the promissory note or sales contract.

The borrower/vendee may have to obtain a new loan or sell the property to make the balloon payment. If the effort is not successful, it may be necessary for the holder of the note/contract to foreclose on the property as a means of collecting the amount owed.

Over the last 12 months, were any payments more than 60 days late? ..... ☐ YES ☐ NO  
 If YES, how many? ..... \_\_\_\_\_

If so, have the delinquencies been cured? ..... ☐ YES ☐ NO  
 If NO, what is the amount required to bring current? ..... \$ \_\_\_\_\_

Are there any subordination provisions? ..... ☐ YES ☐ NO  
 If YES, explain here or on an attachment  
 \_\_\_\_\_  
 \_\_\_\_\_

**PART 4****MULTI-LENDER TRANSACTIONS**

NAME OF ESCROW HOLDER

ANTICIPATED CLOSING DATE

ADDRESS OF ESCROW HOLDER

ESTIMATED LENDER COSTS

_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____

**Servicing**

You will be a joint beneficiary with others on this note and you should request a list of names and addresses of the beneficiaries as of the close of escrow from the broker or servicing agent. The beneficiary(ies) holding more than 50% interest in the note may govern the actions to be taken on behalf of all holders in the event of default or other matters. See Civil Code §2941.9.

**Loan to Value**

GENERALLY, the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the real property senior thereto, shall not exceed the following percentages of the current market value of the real property as determined in writing by the broker or qualified appraiser.

Single-family residence, owner-occupied.....	80%
Single-family residence, not owner-occupied.....	75%
Commercial and income-producing properties.....	65%
Single-family residentially zoned lot or parcel which has installed off-site improvements including drainage, curbs, gutters, sidewalks, paved roads, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.....	65%
Land which has been zoned for (and if required, approved for subdivision as) commercial or residential development .....	50%
Other real property.....	35%

The percentage amounts specified above may be exceeded when and to the extent that the broker determines that the encumbrance of the property in excess of these percentages is reasonable and prudent considering all relevant factors pertaining to the real property. However, in no event shall the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the property senior thereto, exceed 80 percent of the current fair market value of improved real property or 50 percent of the current fair market value of unimproved real property, except in the case of a single-family residentially zoned lot or parcel as defined above, which shall not exceed 65% of current fair market value of that lot or parcel. A written statement shall be prepared by the broker that sets forth the material considerations and facts that the broker relies upon for his or her determination which shall be disclosed to the lender or note purchaser(s) and retained as a part of the broker's record of the transaction.

**NOTE: If more than one property secures this loan, refer also to the attached RE 851D.**

**PART 5****SERVICING ARRANGEMENTS**

If the loan is to be serviced by a real estate broker, you must be notified within ten (10) days if the broker makes any advances on senior encumbrances to protect the security of your note. Depending on the terms and conditions of the servicing contract, you may be obligated to repay any such advances made by the broker. The broker may not guarantee, or imply to guarantee, or advance any payments to you unless a securities permit is obtained from the Department of Business Oversight.

CHECK APPROPRIATE STATEMENTS

☐ THERE ARE NO SERVICING ARRANGEMENTS *(Does not apply to multi-lender transactions.)*☐ BROKER IS THE SERVICING AGENT☐ ANOTHER QUALIFIED PARTY WILL SERVICE THE LOAN☐ COPY OF THE SERVICING CONTRACT IS ATTACHED

IF THE BROKER IS NOT THE SERVICING AGENT, WHAT IS THE RELATIONSHIP BETWEEN THE BROKER AND SERVICER?

COST TO LENDER FOR SERVICING ARRANGEMENTS *(EXPRESS AS DOLLAR AMOUNT OR PERCENTAGE)*☐ MONTH☐ MONTHLY

PER

☐ YEAR

PAYABLE

☐ ANNUALLY☐☐

NAME OF AUTHORIZED SERVICER, IF ANY

BUSINESS ADDRESS

TELEPHONE NUMBER

**PART 6****TRUSTOR/OBLIGOR INFORMATION** (as known to the broker)

If the broker made, arranged, or serviced the loan or if any of the information is known to the broker or is available from the seller of the note, complete this part.

SOURCE OF INFORMATION

☐ TRUSTOR☐ SELLER OF NOTE☐ BROKER (BROKER MADE, ARRANGED, OR SERVICED THE LOAN)☐ CREDIT REPORT☐ OTHER (DESCRIBE):

NAME		CO-TRUSTOR'S NAME	
RESIDENCE ADDRESS		CO-TRUSTOR'S RESIDENCE ADDRESS	
OCCUPATION OR PROFESSION		CO-TRUSTOR'S OCCUPATION OR PROFESSION	
CURRENT EMPLOYER		CO-TRUSTOR'S CURRENT EMPLOYER	
HOW LONG EMPLOYED?	AGE	HOW LONG EMPLOYED?	CO-TRUSTOR'S AGE
SOURCES OF GROSS INCOME (LIST AND IDENTIFY EACH SOURCE SEPARATELY.)		CO-TRUSTOR SOURCES OF GROSS INCOME (LIST AND IDENTIFY EACH SOURCE SEPARATELY.)	
MONTHLY AMOUNT		MONTHLY AMOUNT	
Gross Salary	\$	Gross Salary	\$
OTHER INCOME INCLUDING: Interest	\$	OTHER INCOME INCLUDING: Interest	\$
Dividends	\$	Dividends	\$
Gross Rental Income	\$	Gross Rental Income	\$
Miscellaneous Income	\$	Miscellaneous Income	\$
<b>TOTAL EXPENSES OF ALL TRUSTORS (DO NOT COMPLETE IF TRUSTOR IS A CORPORATION)</b>			
Payment of Loan Being Obtained	\$	Spousal/Child Support	\$
Rent	\$	Insurance	\$
Charge Account/Credit Cards	\$	Vehicle Loan(s)	\$
Mortgage Payments (include taxes and property insurance)	\$	Other (federal and state income taxes, etc.):	\$
TOTAL GROSS MONTHLY INCOME OF TRUSTOR(S)		TOTAL MONTHLY EXPENSES OF TRUSTOR(S)	
\$		\$	

The trustor has filed for bankruptcy in the past 12 months ..... ☐ YES ☐ NO  
☐ UNKNOWN  
 If YES, the bankruptcy has been discharged or dismissed ..... ☐ YES ☐ NO  
☐ UNKNOWN

❖ **THE FOLLOWING STATEMENTS ONLY APPLY IF THE TRUSTOR IS A CORPORATION, PARTNERSHIP, OR SOME OTHER FORM OF OPERATING BUSINESS ENTITY.**

Copies of a balance sheet of the entity and income statement covering the indicated period have been supplied by the trustor/obligor and are attached. If no, explain on addendum ..... ☐ YES ☐ NO

If YES, date of balance sheet ..... \_\_\_\_\_

Income statement period (from-to)..... \_\_\_\_\_

Financial Statements have been audited by CPA or PA ..... ☐ YES ☐ NO

Additional information is included on an attached addendum ..... ☐ YES ☐ NO

## PART 7 PROPERTY INFORMATION (if known to the broker)

Identification of the property that is the security for the note. (If no street address, the assessor's parcel number or legal description and a means for locating the property are attached.)

(CHECK IF APPLICABLE)

☐ THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, REFER TO THE ATTACHED RE 851D.

STREET ADDRESS

OWNER OCCUPIED

☐ NO

☐ YES

ANNUAL PROPERTY TAXES

\$ ☐ ACTUAL ☐ ESTIMATED

ARE TAXES DELINQUENT?

☐ NO ☐ YES

IF YES, AMOUNT REQUIRED TO BRING CURRENT

\$

SOURCE OF TAX INFORMATION

**PART 8****APPRAISAL INFORMATION**

Estimate of fair market value is to be determined by an independent appraisal, copy of which must be provided to you prior to your obligating funds to make the loan. Note: You may waive the requirement of an independent appraisal, in writing, on a case-by-case basis, in which case the broker must provide a written estimate of fair market value. The broker must provide you, the investor, with the objective data upon which the broker's estimate is based. **In the case of a construction or rehabilitation loan, an appraisal must be completed by an independent, qualified appraiser in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).**

(CHECK IF APPLICABLE)

☐ THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, REFER TO THE ATTACHED RE 851D.

FAIR MARKET VALUE (ACCORDING TO APPRAISER)

DATE OF APPRAISAL

\$

NAME OF APPRAISER (IF KNOWN TO BROKER)

PAST AND/OR CURRENT RELATIONSHIP OF APPRAISER TO BROKER  
(EMPLOYEE, AGENT, INDEPENDENT CONTRACTOR, ETC.)

ADDRESS OF APPRAISER

DESCRIPTION OF PROPERTY/IMPROVEMENT

IS THERE ADDITIONAL SECURING PROPERTY?

☐ YES If YES, see Addendum.☐ NO

AGE

SQUARE FEET

TYPE OF CONSTRUCTION

IF THE PROPERTY IS CURRENTLY GENERATING INCOME FOR THE BORROWER/OBLIGOR:  
ESTIMATED GROSS ANNUAL INCOME:

ESTIMATED NET ANNUAL INCOME

\$

\$

OTHER INFORMATION KNOWN TO THE BROKER

**PART 9****ENCUMBRANCE INFORMATION**

Information is being provided concerning senior encumbrances against the property, to the extent reasonably available from customary sources (excluding the note described on Page 1, Part 3). Note: You have the option to purchase a policy of title insurance or an endorsement to an existing policy of title insurance to insure your interest. You are entitled to a copy of a written loan application and a credit report to obtain information concerning all encumbrances which constitute liens against the property. This information may help determine financial standing and creditworthiness of the borrower.

(CHECK IF APPLICABLE)

☐ THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, REFER TO THE ATTACHED RE 851D.

SOURCE OF INFORMATION

☐ TRUSTOR☐ BROKER INQUIRY☐ EXISTING BENEFICIARY☐ OTHER (EXPLAIN):**SENIOR ENCUMBRANCE(S) REMAINING**PRIORITY (1<sup>ST</sup>, 2<sup>ND</sup>, ETC.)

INTEREST RATE

%

PRIORITY (1<sup>ST</sup>, 2<sup>ND</sup>, ETC.)

INTEREST RATE

%

BENEFICIARY

BENEFICIARY

ORIGINAL AMOUNT

APPROXIMATE PRINCIPAL BALANCE

\$

\$

ORIGINAL AMOUNT

APPROXIMATE PRINCIPAL BALANCE

MONTHLY PAYMENT

MATURITY DATE

\$

MONTHLY PAYMENT

MATURITY DATE

BALLOON PAYMENT?

IF YES, AMOUNT

☐ YES ☐ NO ☐ UNKNOWN

\$

BALLOON PAYMENT?

IF YES, AMOUNT

☐ YES ☐ NO ☐ UNKNOWN

\$

Are there any encumbrances of record against the securing property at this time? ..... ☐ YES ☐ NOIf YES, they are set forth in an attachment to this statement ..... ☐ YES ☐ NOOver the last 12 months, were any payments more than 60 days late? ..... ☐ YES ☐ NOIf YES, has the default been cured? ..... ☐ YES ☐ NOIs the broker aware of any junior encumbrances? ..... ☐ YES ☐ NOIf YES, they are set forth in an attachment to this statement. .... ☐ YES ☐ NO

**PART 10****LOAN TO VALUE RATIO**

(CHECK IF APPLICABLE)

☐ THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, REFER TO THE ATTACHED RE 851D.

- A. Remaining encumbrances senior to this loan (from Part 9) ..... \$ \_\_\_\_\_
- B. Unpaid principal balance of this loan from Page 1, Part 3 ..... + \$ \_\_\_\_\_
- C. Total all senior encumbrances and this loan ..... = \$ \_\_\_\_\_
- D. Fair market value from Page 4, Part 8..... ÷ \$ \_\_\_\_\_
- E. Loan to value ratio ..... = \_\_\_\_\_ %

Note: See Part 4 if multi-lender transaction.

**NOTICE**

The broker has a responsibility to make reasonable efforts to determine that the loan/investment is suitable and appropriate for the lender/purchaser based on information provided by the lender/purchaser regarding the lender/purchaser's financial situation and investment objectives.

**ADDITIONAL DISCLOSURES**

- Investments in notes secured by trust deeds and real property sales contracts are subject to risk of loss of principal and monthly income. If the borrower stops making payments on any investments you make, you will not receive income; therefore, you cannot rely on this income.
- If your investment is secured by a junior lien and the borrower defaults on a senior lien, it may be necessary for you to meet the obligations of the senior lien in order to protect your security interests, which may include making the senior loan current or paying the senior loan balance in full.
- If your investment is in a multi-lender note and the borrower defaults, foreclosure proceedings will require consensus of a majority of the beneficiaries on the note.
- The trust deed investments that you will make will either name you and your percentage interest in the investment or will be assigned to you. Your trust deed investments are not secured by the real estate collateral unless your interests in those investments are recorded.
- Since trust deed and real property sales contract investments have a maturity date, borrowers are under no obligation to pay off the loan prior to the maturity date. Further, in the case of a balloon payment, there is potential risk that the borrower may not be able to make the balloon payment.

**BROKER VERIFICATION**

*The information in this statement and in the attachments hereto is true and correct to the best of my knowledge and belief.*

SIGNATURE OF BROKER OR DESIGNATED REPRESENTATIVE

BROKER/CORPORATION ID #

DATE

»

**ACKNOWLEDGEMENT OF RECEIPT**

*I, the prospective lender/purchaser, acknowledge receipt of a copy of this statement signed by or on behalf of the broker.*

NAME OF PROSPECTIVE LENDER/PURCHASER

SIGNATURE OF PROSPECTIVE LENDER/PURCHASER

DATE

»

The California Bureau of real estate does not endorse or offer any opinions regarding the suitability of any proposed or existing real estate investments.

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A guide to trust deed investments entitled "Trust Deed Investments – What You Should Know!!" (RE 35) is available on the Bureau's Web site at [www.bre.ca.gov](http://www.bre.ca.gov) under the Publications menu.